



# Health Benefits Coverage – Enrolling as a Retiree

Information for:

State Health Benefits Program  
School Employees' Health Benefits Program

## ELIGIBILITY

The following full-time employees, who are eligible for health insurance coverage until their retirement date, will be offered State Health Benefits Program (SHBP) or School Employees' Health Benefits Program (SEHBP) coverage for themselves and their eligible dependents when they retire:

- State employees, employees of State universities/colleges and autonomous State agencies and commissions, as well as local government employees who were covered by, or eligible for, the State Health Benefits Program (SHBP).
- Members of the Teachers' Pension and Annuity Fund (TPAF) and school board or county college employees enrolled in the Public Employees' Retirement System (PERS) who retire with 25 years or more of service credit in the retirement system\* or who retire on a Disability Retirement, even if their employer did not cover its employees under the School Employees' Health Benefits Program (SEHBP). This also includes those who elect to defer retirement with 25 or more years of service credit in the retirement system.
- Members of the TPAF and PERS who **retired** from a participating board of education, vocational/technical school, or special services commission, with less than 25 years of service credit, as long as the employer continues to participate with the SEHBP.

- Upon turning age 65, members of the TPAF and PERS who retired with less than 25 years of service credit from a non-participating board of education, vocational/technical school, or special services commission who have continuously participated in the health benefits plan of their former employer since their retirement and are enrolled in Medicare Parts A and B.
- Participants in the Alternate Benefit Program (ABP) who retire with at least 25 years of credited ABP service,\* or those who are on a long-term disability.
- Certain local policemen or firemen with 25 years or more of service credit in the retirement system\* or retiring on a Disability Retirement if the employer does not provide any payment or compensation toward the cost of the retiree's health benefits, in accordance with P.L. 1997, c. 330 (Chapter 330). A qualified retiree may enroll at the time of retirement or when eligible for Medicare.

## ENROLLMENT

Generally, your employer will continue to cover you in the active employee group for one month beyond your termination of employment. Eligible members whose employer does not participate in the SHBP or SEHBP will be enrolled as of their retirement date.

Most eligible members enrolled in coverage as active employees will automatically be enrolled as retirees. It is not necessary to complete an application. Exceptions include those members who: have changed their retirement date; waived coverage as an active employee; have applied for a Disability Retirement; or retired from non-participating employer locations. Members in any of these categories must complete a *Retiree Health Benefit Enrollment and/or Change Form* to be enrolled. If you are waiving coverage because of other coverage, a *Cancel/Decline/Waive Retired Coverage* form must be submitted at the time of retirement in order to be eligible for enrollment if/when you lose the other coverage. If you do not submit an application within 60 days of your retirement date, you will not be permitted to enroll at a later date, unless you are subsequently approved for a Disability Retirement (see below).

If you are not eligible for employer-paid coverage, the premium will be deducted from your monthly retirement check, or you will be billed on a monthly basis if the amount of your retirement check is not enough to cover your premium.

**Prescription drug coverage is included with all retiree medical plans.**

If you are eligible for health care coverage at retirement, you are eligible to enroll in dental care coverage through the Retiree Dental Plans (see the *Dental Plans — Retirees Fact Sheet*).

\*See "Combining Service Credit from More than One Retirement System" on page 4.

## Disability Retirement

If you have applied for a Disability Retirement and your employer participates with the SHBP/SEHBP, the Health Benefits Bureau will send you a letter offering continued health benefits coverage under the provisions of COBRA. Members of non-participating locations will **not** be offered COBRA coverage through the SHBP/SEHBP. If a Disability Retirement is approved, the Health Benefits Bureau will send the employee a letter offering continued coverage in retirement. The employee must complete a *SHBP or SEHBP Retiree Disability Application*. Members of participating locations entitled to employer-paid or retirement system-paid health insurance will receive a refund of the COBRA premiums they paid to the program for coverage after the effective date of retirement, minus any premiums owed as the retiree.

## Multiple Coverage is Prohibited

State law prohibits two members who are each enrolled in SHBP/SEHBP plans from covering each other. Therefore, an eligible individual may enroll in the SHBP/SEHBP as an employee or retiree, or be covered as a dependent, but cannot be both.

Eligible children may only be covered by one participating subscriber.

**For example:** A husband and wife both have coverage based on their employment. One may choose Family coverage, covering the spouse and children as dependents, making them ineligible for any other SHBP/SEHBP coverage; or one may choose Single coverage and the spouse may choose Parent and Child(ren) coverage.

**Note:** If you are eligible for SHBP/SEHBP retired group coverage but have other coverage through your spouse/partner, you must complete a Cancel/Decline/Waive Retired Coverage form and indicate your selection to waive your SHBP/SEHBP **coverage**. Waiving your coverage will ensure that if you lose the other coverage, you may rejoin the SHBP/SEHBP at a later date (see page 4). Otherwise you

will be considered “terminated” from the SHBP/SEHBP and you *will not* be permitted to reenter the program.

## Medicare Coverage is Required if Eligible

If you or any of your dependents are eligible for Medicare you must submit proof of enrollment in both Part A and Part B of Medicare to continue participation in the SHBP or SEHBP. Attach a photocopy of your and/or your dependent’s Medicare ID card to the health benefits application, or attach a letter of confirmation from Social Security stating the effective dates of Medicare enrollment.

If you and/or your dependent is age 65 or have a Social Security Disability at retirement and have *not* enrolled in both Parts A and B of Medicare, you should contact Social Security to apply for Parts A and B Medicare coverage 90 days prior to your retirement date.

If you or any of your dependents become eligible for Medicare due to turning age 65, or 24 months after approval of Social Security Disability after you retire, you and/or your dependent must enroll in both Part A and Part B of Medicare. If you and/or your dependents do not enroll in both parts of Medicare when eligible, your SHBP/SEHBP coverage will terminate.

If you are paying the full cost of your SHBP/SEHBP coverage, that cost generally decreases when you and/or your dependent enroll in Medicare Parts A and B because most medical plans charge lower premiums for Medicare-eligible members.

## Medicare Part D

Retired members of the SHBP or SEHBP who are enrolled in Medicare are automatically enrolled in the OptumRx Medicare Part D Prescription Drug Plan (PDP).

If you enroll in another Medicare Part D plan, you will lose your prescription drug benefits provided by the SEHBP/SHBP. However, your medical benefits will continue.

You may waive the OptumRx Medicare PDP only if you are enrolled in another Medicare Part D plan. To request that your coverage be waived, you must submit proof of other Medicare Part D coverage to the New Jersey Division of Pensions & Benefits (NJDPB).

If you have previously waived your prescription drug coverage for another Medicare Part D plan, and you wish to re-enroll in the OptumRx Medicare PDP, you must send proof of your termination from the other Medicare Part D plan. Acceptable proof is a letter from the other Medicare Part D plan confirming the date upon which you are disenrolled. We must receive this proof within 60 days of the termination from the other Medicare Part D plan.

## PAYMENT OF COVERAGE COSTS

The State and certain employers have negotiated to pay some or all of the cost of SHBP/SEHBP coverage for retirees who meet specific service credit or retirement criteria outlined in the following sections.

SHBP- or SEHBP-eligible retirees who do not qualify for State-paid or employer-paid coverage must pay the full cost of their health benefits coverage. Premiums are deducted from your monthly pension checks. If the monthly retirement allowance is not sufficient to cover the premium, you will be billed monthly.

**Note:** For PERS and TPAF members, purchases of U.S. Government Service or Out-of-State Service made after November 1, 2008, cannot be used to qualify for State-paid or employer-paid post-retirement health benefits.

## State Employees and Employees of State Universities/Colleges

If you had 25 or more years of service credited in one pension system before July 1, 1997 (the effective date of P.L. 1996, c. 8 (Chapter 8)), the State of New Jersey agreed to pay the full health benefit cost in retirement.

If you had 25 or more years of service credit or had an approved Disability Retirement between July 1, 1997, and June 27, 2011 (the effective date of P.L. 2011, c. 78 (Chapter 78)), you are governed by the terms applicable on the date you attained 25 years of service credit or your Disability Retirement became effective.

Under Chapter 78, if you had 20 years of service credit by June 28, 2011, and retire with at least 25 years of service credit, your health benefits cost will be 1.5 percent of your monthly retirement allowance.

If you attain 20 years of service credit after June 28, 2011, and retire with at least 25 years of service credit, you will pay a contribution toward post-retirement medical coverage based on the applicable percentage of premium as determined by your annual retirement allowance.

If you retire on a Disability Retirement after June 28, 2011, your health benefits cost will be 1.5% of your monthly retirement allowance.

**Medicare Part B Reimbursement** — If you had 25 or more years of service credited in one pension system before July 1, 1997, the State of New Jersey agreed to reimburse you at retirement for the standard cost of any Medicare Part B premiums paid by you and/or your spouse, civil union partner, or eligible same-sex domestic partner. If you attained 25 years of service credit after July 1, 1997, any reimbursement of Medicare Part B premiums paid by you and/or your spouse, civil union partner, or eligible domestic partner may be limited by the terms of the bargaining unit agreement in place at the time of your retirement or by legislation (Chapter 8). State employees who began employment after July 1, 1995, will not be eligible for Medicare Part B reimbursement.

## **School Board and County College Employees**

If you had 25 or more years of service credit or retired on a Disability Retirement before June 28, 2011 (the effective date of Chapter 78), the State of New Jersey, by law, pays the health benefit costs for school board and county college employees at retirement.

Under Chapter 78, if you are a school board or county college employee with 20 or more years of service credit by June 28, 2011, upon obtaining 25 years of service credit, your health benefits costs will be State-paid.

If you attain 20 years of service credit after June 28, 2011, and retire with 25 years of service credit, you will pay a contribution toward post-retirement medical coverage based on the applicable percentage of premium as determined by your annual retirement allowance.\*

**Medicare Part B Reimbursement** — The standard cost of Medicare Part B premiums will be paid by you and/or your spouse, civil union partner, or eligible same-sex domestic partner and reimbursed.

## **Local Government Employees**

Some local employers agreed, under the provisions of P.L. 1999, c. 48 (Chapter 48) or P.L. 1974, c. 88 (Chapter 88), to pay for all or some of the cost of health benefits for retirees under certain conditions. *Check with your employer to determine whether your employer adopted the provisions of these laws.*

For Local employees who retire on an approved Disability Retirement, or who had 20 or more years of service credit by June 28, 2011, and later retire with 25 or more years of service credit, the healthcare contribution in retirement is governed by the resolution filed by the local employer with the NJDPB pursuant to N.J.S.A. 52:14-17.38. For employees hired

after May 21, 2010, who retire on an approved Disability Retirement, the minimum contribution towards health benefits in retirement is 1.5 percent.

Under Chapter 78, if you attain 20 years of service credit **after** June 28, 2011, and retire with 25 years of service credit, your cost is based on the contract as of the date you attained 25 years if your employer adopted Chapter 88. If your employer adopted Chapter 48, you will pay a percentage of the premium based on your annual pension allowance.

**Medicare Part B Reimbursement** — Employers that adopted Chapter 88 also agreed to reimburse those employees for the Medicare Part B premiums paid by the member and/or their spouse, civil union partner, (and in some cases an eligible same-sex domestic partner — see page 6). Some employers that adopted Chapter 48 also agreed to reimburse Medicare Part B premiums. Check with your employer to determine eligibility for Medicare B reimbursement.

## **Chapter 330**

To qualify for Chapter 330 coverage, you must have retired from a law enforcement or firefighter position with 25 or more years of pension service credit, or on a Disability Retirement, from an employer who does not provide any payment towards retiree health coverage or reimbursement of Medicare Part B premiums. You need not be covered by the SHBP while employed to qualify for enrollment. Those eligible for coverage under Chapter 330 may pay a percentage of a premium (the State will pay a flat amount equal to 80 percent of the lowest cost plan and the retiree will pay the difference) or 1.5 percent of his/her annual pension, whichever is larger. For more information see the *Health Benefits Retired Coverage Under Chapter 330* Fact Sheet.

---

\*If you attain 20 years of service after June 28, 2011, and retire on a Disability Retirement, your health benefits costs will be State-paid.

## COMBINING SERVICE CREDIT FROM MORE THAN ONE RETIREMENT SYSTEM

If you meet the eligibility requirements for enrollment in the SHBP or SEHBP at retirement, you may combine nonconcurrent service credit from more than one State- or locally-administered retirement system to meet the 25-year minimum for State- or employer-paid coverage.

To qualify for coverage based on combined service in more than one retirement system, you must:

- Retire and be receiving a retirement benefit from each retirement system membership;
- Have 25 or more years of nonconcurrent pension service credit in total;
- Be eligible for SHBP or SEHBP coverage from your last employer; and
- Notify the Health Benefits Bureau that you have an aggregate of 25 or more years of nonconcurrent service in more than one public retirement system in New Jersey (see below).

Upon notification, the Health Benefits Bureau must verify your service with the different retirement systems before the nonconcurrent service credit can be applied to meet the 25-year minimum for State- or employer-paid coverage.

A retiree from the State, or from a participating local employer who has agreed by resolution to pay for the coverage of their retirees, must be eligible for SHBP coverage immediately prior to retirement from the last contributing employer in the retirement system.

A school board or county college retiree must be eligible for SEHBP coverage immediately prior to retirement or separation from the school board or county college. The school board or county college must have been your last contributing employer.

## Notification if You Qualify Due to Service in Two or More Retirement Systems

If you retire from a position with the State or an employer who participates in the SHBP or SEHBP, you will receive a health benefits offering letter for retired group coverage. When you respond to the offering letter, you must indicate that you have over 25 years of service in two or more State- or locally-administered retirement systems. You must identify the retirement systems in order for us to verify your service credit.

If you retire from a position with a school board or county college that does not participate in the SEHBP, the Health Benefits Bureau will not know to send you an offering letter. You must contact the Health Benefits Bureau to notify us you have over 25 years of service in two or more retirement systems. Be sure to identify the retirement systems in order for us to verify your service credit.

## ELIGIBLE DEPENDENTS

Your eligible dependents are your spouse, civil union partner, or an eligible same-sex domestic partner and your children who are under age 26. Documented proof of eligibility for dependent coverage is required at the time of enrollment. For definitions of eligible dependents and required documentation, see our website: [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)

**Note:** Eligible children may only be covered by one SHBP/SEHBP participating subscriber (see page 1).

### Coverage for Over Age Children to Age 31

P.L. 2005, c. 375 (Chapter 375), provides for medical and/or prescription drug coverage for children over age 26 and under age 31. For more information, see the *Health Benefits Coverage of Children until Age 31 under Chapter 375* Fact Sheet.

## CHANGES TO DEPENDENT COVERAGE

It is your responsibility to notify the Health Benefits Bureau of any change in family status. If family members are not properly enrolled, claims will not be paid. You may file an application to add dependents within 60 days of a change in family status. Examples of a change of status “qualifying event” include marriage, civil union, birth, adoption of a child, or a change in your spouse’s/partner’s employment that significantly affects the health benefits coverage provided by your spouse’s/partner’s employer. When the application is received by the Health Benefits Bureau within the 60-day window, the family member will be enrolled retroactively to the date of eligibility.

If the application to add a dependent is not received within 60 days of the qualifying event, the effective date of coverage will be the first of the month following 60 days from the Health Benefits Bureau’s receipt of the application. For example, if you are married on January 5, but do not submit an application adding your spouse to health benefits coverage until March 15, the coverage effective date for your spouse will be June 1.

You may remove family members from coverage at any time (but not retroactively). Decreases in coverage are processed on a timely basis.

### Divorce or Dissolution of a Civil Union or Domestic Partnership

Coverage for your spouse ends at the end of the month in which you divorce. If you dissolve a civil union or domestic partnership, coverage for your partner ends at the end of the month in which the partnership terminates.

## CHANGING PLANS

You may submit a *Retiree Health Benefit Enrollment and/or Change Form* to change your plan when the rate increases, or at any time provided that you have been with that same health plan for at least 12 months.

## WAIVING COVERAGE IF COVERED BY ANOTHER HEALTH PLAN

You may waive retired group health benefits coverage and retain your right to enroll at a later date if you are covered as an employee through other employment or as a dependent of your spouse, civil union partner, or eligible same-sex domestic partner in another group health plan. You must complete a *Cancel/Decline/Waive Retired Coverage* form.

If you lose your other coverage, you may enroll/re-enroll in health benefits coverage **within 60 days** of your loss of the other coverage. Proof of loss of the other coverage is required. Submit a *Retiree Health Benefit Enrollment and/or Change Form* to reenroll.

### Chapter 330

If you are a member of the Police and Firemen's Retirement System (PFRS) and will be enrolling under the provisions of Chapter 330, you must waive any other coverage you have through active employment. See the *Health Benefits Retired Coverage Under Chapter 330* Fact Sheet.

## WHEN HEALTH BENEFITS COVERAGE ENDS

Coverage under retired group health benefits will terminate if:

- you formally request the termination in writing, or you complete a *Cancel/Decline/Waive Retired Coverage* form and cancel coverage (**reinstatement is generally not permitted**);
- your premiums are not paid;
- your plan discontinues services in your area and you do not submit an application to the Health Benefits Bureau to change to another plan;
- your employer withdraws from the SHBP or SEHBP (does not apply to retirees who qualified for State-paid coverage, i.e. former employees of local school districts or county colleges, and municipal policemen and firemen who qualify under the provisions of Chapter 330);

- you or your dependents fail to enroll when eligible in Part A and Part B of Medicare;
- you cease to receive retirement benefits; or
- you die (see section to follow).

## SURVIVING SPOUSE/PARTNER COVERAGE

Coverage of your spouse/partner terminates at the end of the month in which you die. However, your spouse or partner will be sent a letter offering continuation of coverage in the plan of their choice at their own cost. If your spouse or partner elects to continue SHBP/SEHBP coverage, they will be reenrolled, without a break in coverage, upon the timely receipt of the completed and signed application. If your spouse or partner will receive a monthly pension check large enough to cover the premium, the premium will be deducted from the pension payment. If your spouse or partner will not receive a pension check, or if the pension check is not large enough to cover the cost, your spouse or partner is billed monthly for the premiums.

Some local employers have agreed to pay for the coverage of spouses or partners of deceased retirees; check with your employer to see if they provide this benefit. The State does not pay for the coverage of spouses, civil union partners, or domestic partners of deceased retirees.

## ADDITIONAL INFORMATION

Obtain personalized information about your health benefits coverage through the **Member Benefits Online System (MBOS)**. Register for MBOS or log on at: [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)

Obtain general health benefits information by calling the NJDPB's Automated Information System at (609) 292-7524.

For questions about SHBP/SEHBP enrollment, plan changes, premium costs, or adding or deleting dependents, contact the NJDPB's Office of Client Services at (609) 292-7524; or by email at: [pensions.nj@treas.nj.gov](mailto:pensions.nj@treas.nj.gov)

For questions about participating providers, coverage of specific procedures, claims, or for replacement ID cards, contact your medical plan.

**Horizon/NJ DIRECT** ..... 1-800-414-SHBP (7427)

**Aetna Plans** .... 1-877-STATE NJ (1-877-782-8365)

**Aetna Medicare Plan** ..... 1-866-234-3129

**OptumRx for Non-Medicare Retirees** ..... 1-866-220-6512

**OptumRx for Medicare-enrolled Retirees** .... 1-844-368-8765

*This fact sheet has been produced and distributed by:*

**New Jersey Division of Pensions and Benefits  
P.O. Box 295, Trenton, NJ 08625-0295**

(609) 292-7524

For the hearing impaired: TRS 711 (609) 292-6683

[www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)